

GMT
10. FINANCIAL RESPONSIBILITIES

Lesson Topic: Financial Management

Instructional Material:

Instructional References:

1. Personal Financial Management Manual (NAVPERS-15608)
2. Officer's Manual of Personal Finance and Insurance, stock pole books
3. OPNAVINST 1740.5

Instructional Aids:

1. Visual Aid Panel

Terminal Objective:

1. To provide students general information about financial management and personal investing.

Enabling Objective:

1. State the available options to be considered when choosing a financial institution.
2. State the guidelines to a successful savings plan.
3. State the advantages/disadvantages of maintaining a checking account.
4. State the financial institutions located on military bases in Okinawa, Japan.
5. Discuss the Deferred Payment Plan (DPP).
6. State the financial institution classes available on Okinawa, Japan.
7. State some good credit habits -vs- bad credit habits.

I. CHOOSING A FINANCIAL INSTITUTION

A. Insurance - protects your money if the bank fails.

1. Federal Depositors Insurance Corporation (FDIC).

2. State Credit Union Share Insurance Corporations (SCUSIC).

B. Terms and conditions imposed

1. Offer Direct Deposit?

2. Fees for ATM withdrawals, monthly service charges for checks, returned checks.

3. Customer service hours, ATM availability, locations.

C. Credit unions usually offer lower loan rates due to specific membership requirements.

II. SAVING

A. First step to success is to start early, and save regularly.

B. Set up a financial plan

1. Balance sheet

a. Assets - value of items you have (cash, bonds, value of possessions).

b. Liabilities - loans, mortgages, credit cards, property taxes.

2. Budget

a. Sources of income.

b. Fixed items of expense - bills, car payment, etc.

c. Variable items of expense - allowance, recreation and vacation activities.

3. Set goals - make realistic goals (\$1,000 in savings in a year).

4. About 10% of take home pay is recommended.

5. Seek out Command Financial Specialist for assistance.

III. CHECKING ACCOUNTS

A. Advantages

1. Safety - don't carry cash that can get lost or stolen.

2. Convenience - make payments anytime, mail payments.

3. Accuracy - keeps a budget by recording expenses, canceled checks are a permanent proof of payment.

4. Establish credit - good reference for loans, charge cards.

B. Disadvantages

1. Problem for inexperienced users.

2. Illusion of having more funds than actual (outstanding checks).

3. Tempting to spend funds you don't have. RESULT=NJP

4. Member has to balance check book/register on regular basis.

5. Expensive charges for returned checks.

IV. FINANCIAL INSTITUTIONS ON OKINAWA

A. Nations Bank

1. Hours: M-Th 0900-1500, Fri. & paydays 0900-1700.

2. Competitive interest rates.

3. Sell Yen.

4. Sell savings bonds.

5. Only available here, cannot access account with Nations Bank in the US, will have to close account when you leave Okinawa.

6. Minimum amount required for savings \$100.00, checking \$300.00

B. Navy Federal Credit Union (NFCU)

1. Hours: M-F 0800-1530

2. Competitive interest rates.

3. Only opportunity for enlisted to join is overseas, remote duty or if a relative is a member.

4. Available worldwide at Navy & Marine Corps bases & some ships.

5. Won't have to close account when you PCS.

6. Minimum deposit for savings is \$5.00. Account with less than \$50.00 that is inactive for 6 months will be closed.

7. Touch tone teller is available.

V. DEFERRED PAYMENT PLAN (DPP)

- A. Credit check sets your credit limit.
- B. Interest rates change on any outstanding balance when the prime lending rate changes.
- C. Direct access to your pay via Cleveland, can garnish up to 2/3 of your base pay.
- D. Not available for purchase of food, cigarettes or beer.

VI. FINANCIAL EDUCATION CLASSES

- A. Checkbook management - 3th Tu., every month, 1300-1500, Kadena.
- B. Personal Financial Management Program - 2nd, 3rd & 4th Thur, every month, 0800-1000 Kadena.
- C. Investment class - 4th Wed, every month, Torri Station.
- D. Money Management Workshop - every Wed, 0800-1100, Camp Lester.
Register for classes: Hansen FSC 623-4522; Lester FSC 645-2104/7805.

VII. CREDIT HABITS

- A. Good credit habits
 - 1. Do pay bills on the date due or before.
 - 2. Always pay your bills even if you do not receive a bill in the mail. You know you owe, so pay and then call and ask for a duplicate statement to be sent to you.
 - 3. Check your credit bureau report at least once a year. Mistakes can be made, so make sure your report is always up to date and correct.
 - 4. Pay in full or more than the minimum balance whenever possible. This will save you in interest.
 - 5. Use your credit for your needs, not your wants. Always ask yourself do I need this or do I want this.

6. Balance your checkbook monthly.

7. SAVE, SAVE, SAVE!!!!

B. Bad credit habits

1. Never paying your bills on time.

2. Always just paying your minimum balance especially when you're credit is maximized.

3. Getting a cash advance on your Visa to meet your monthly obligations.

4. Thinking that just because you did not receive a bill you do not have to pay.

5. Trying to beat the system by writing checks before payday.

6. Ignoring a bad credit situation. If you have a problem contact the creditor to work it out.
NEVER IGNORE!!!!

7. Not paying anything at all on your bills.

8. NOT SAVING!!!!

VIII. REVIEW

A. The instructor shall ask the students if they have any questions. Questions should also be allowed during the lecture to clarify any misunderstandings.

B. If the students do not have any questions, the instructor shall ask the students questions to insure the lesson was understood.